

**Wisconsin Department of  
Health and Family Services**

**Family Care Capitation Rates, CY 2003**

*Prepared by:*

Eric P. Goetsch, A.S.A.  
Associate Actuary

David F. Ogden, F.S.A.  
Consulting Actuary

John P. Smith, A.S.A.  
Associate Actuary

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# Wisconsin Department of Health and Family Services

## Family Care Capitation Rates, CY 2003

### I. EXECUTIVE SUMMARY

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The Family Care program sponsored by the State of Wisconsin Department of Health and Family Services covers long-term care (LTC) services previously provided through the Medicaid State Plan, the Medicaid Home and Community Based Waivers (Waiver), and the Community Options Program (COP). Primary and acute medical services are not covered by Family Care. These latter services continue to be provided in the Medicaid fee-for-service environment.

This report describes the methodology used to develop the 2003 Family Care per member per month (PMPM) prospective payment rates. The Care Management Organization (CMO) in each county will be paid a capitation amount based on a blend of:

1. The final calendar year (CY) 2001 capitation rate, trended to 2003. This approach assumes that the CMOs have fully enrolled their Waiver population and thus the case mix should be stable in the future. This rate is given 50% weight.
2. The functional status of its current 2002 enrollees. This rate is given 50% weight.

CY 2003 fee-for-service capitation rates (1 above) are based primarily on 1999 historical experience. The historical experience was adjusted for a number of factors discussed in our *November 20, 2000* report. The functional status rate (2 above) is based on the 2001 data for all CMOs combined, trended to 2003, adjusted to include an allowance for administration, risk, and technology, and for each CMO's functional status.

### Comments on Results

The trends used in the capitation projection were developed by analyzing the Elderly and Disabled enrollee costs separately. The proportion of Waiver eligibles that are Disabled increased from 57% in 1997 to 61% in 2000. Since the cost PMPM of Disabled eligibles is roughly twice that of Elderly eligibles, this shift caused the trends observed in the combined population to be about 1% annually higher. Since capitation rates are set

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separately for Elderly and Disabled, these trends are calculated separately and then composited using the Waiver amount paid in 2001. The trends do not reflect any provider fee increases for January 1, 2003 or later. We assumed a composite trend of 2.6% from 2002 to 2003 before the provider fee increases are applied.

The functional status rates are based on a regression analysis of functional status data (collected by the Resource Centers) and CMO reported data for calendar year 2001. Regression is a statistical technique that produces an estimate of the effect of each factor individually on the cost for an individual. The final model uses the following “functional” measures to develop the capitation rates:

- ◆ County
- ◆ SNF level of care for the elderly
- ◆ Type of developmental disability for the disabled, if any
- ◆ ADLs and their levels of help
- ◆ Number of IADLs
- ◆ Interaction terms among various ADLs
- ◆ Behavioral indicators

The interaction terms among ADLs recognize that certain combinations of living assistance or equipment are associated with costs and that just recognizing these factors individually would over- or under-estimate costs. Interaction terms improve the fit of the model.

The county values from the regression model recognize county-to-county cost differences that are not explained by the other factors in the model. These differences are due to: provider fee levels, resource availability, potentially incomplete data, CMO management and other factors. We assumed that half the county effect as measured by the regression model was due to management. Consequently, we adjusted the regression county factors by one-half to include only the non-CMO management effect. The county factors were adjusted by moving them halfway to the average value for all CMOs.

Enrollment in Family Care increased substantially in 2001 versus 2000. Moreover, this included shifts in case mix for most counties. This shift in case mix means the type of individuals enrolling changes over time so the functional based rates should be more closely aligned with the enrolled population than are the fee-for-service based rates.

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In performing this analysis, we relied on data and other information provided by the State. We have not audited or verified this data or other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience is better or worse than expected.

This report is intended to assist the State to develop Family Care capitation rates. It may not be appropriate for other uses. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. It should only be reviewed in its entirety. It assumes the reader is familiar with Family Care, the Wisconsin Medicaid long-term care and Waiver programs, and managed care rating principles.

The results in this report are technical in nature and are dependent upon specific assumptions and methods. No party should rely upon specific assumptions and methods. No party should rely upon these results without a thorough understanding of those assumptions and methods. Such an understanding may require consultation with qualified professionals.

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## II. FEE-FOR-SERVICE METHODOLOGY

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Exhibits II-1 and II-2 contain the components of the 2003 comprehensive and intermediate rate developments, respectively. For the intermediate population, only one statewide rate is used and was developed by applying one year of trend to the 2002 rates. The 2003 comprehensive rates are a product of the following:

1. The final 2001 capitation rates reflecting the case-mix as of December, 2001.
2. The annual trend from 2001 to 2002. The trend of 3.2% includes fee increases and utilization and mix trend.
3. The cost sharing adjustment. The HSRS data was adjusted by removing participant cost sharing from the claim data on a county-specific basis. The CMOs collect cost sharing from Family Care participants but prior data provided to the actuaries represented total costs including cost sharing paid by participants.
4. The annual trend from 2002 to 2003. This trend does not include any calendar year 2003 fee increases and is derived in a similar manner to that used last year. The fee increases were backed out of the historical PMPM trends to develop utilization and mix trend, to which the known fee increases were then applied. FY 2003 fee increases are reflected in CY 2002 trends (and rates) but not in CY 2003.
5. An adjustment factor of 0.99 to account for the managed care discount increasing from 2% to 3% for all CMOs except Richland. Since Richland began operations a year later than the other CMOs, their discount will begin to increase in 2004.

Exhibit II-3 shows the eligible days for each year from 1997 to 2001 for both the Elderly and Disabled fee-for-service populations. The proportion of the population that is Disabled has increased each year since 1997 for both MMIS and HSRS eligibility.

The dollar-weighted column of Table 1 is calculated by weighting each of the Elderly and Disabled columns with the corresponding 2001 total dollars for the Waiver population. The dollar-weighted one-year trend is used in Exhibits II-1 and II-2.

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<b>Table 1 Non-Family Care Counties Comprehensive Population Trend Summary</b>				
	<b>Elderly Population Only</b>	<b>Disabled Population Only</b>	<b>Total Population</b>	<b>Dollar-Weighted Average of Elderly and Disabled</b>
One-Year Trend	3.8%	2.2%	3.4%	2.6%
Two-Year Trend	10.4%	6.7%	9.2%	7.6%

The total population trend reflects both the change in costs within each population and the change in the mix of eligibles by population. The dollar-weighted trend blends the observed trends of each population based on the mix of Waiver dollars in 2001 and does not reflect a changing mix of eligibles by population.

The proportion of the Waiver population which is Disabled is increasing and the Disabled cost PMPM is about double the Elderly cost PMPM. This growth in the proportion of Disabled causes overall trends to be higher than if the Disabled proportion were stable. Since Family Care rates are set separately for Disabled and Elderly, any change in proportion should be reflected in the rates. Thus the “dollar weighted” trends are more appropriate for Family Care projections.

If the State expects the CMOs to enroll an increasing proportion of Disableds, as has been true in the Waiver program since 1997, lower trends may be appropriate.

Exhibits II-4A, II-4B, and II-4C contain the development of the projected annual trends from 2002 to 2003 for the Total, Elderly, and Disabled comprehensive populations, respectively. The trends are also used in the rate development for the intermediate population.

Exhibits II-5A, II-5B, and II-5C summarize the comprehensive per member per month (PMPM) costs and average annual trends from 1997 to 2001 for the Total, Elderly, and Disabled populations, respectively. The trends are based on experience from non-Family Care counties only.

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This fee-for-service portion of the rates assumes that each CMO has enrolled virtually all of the Waiver eligibles in its county and that its overall case mix is not likely to change significantly, so that the functional status portion will adjust for such changes. Functional measure comparisons of 2000 to 2001 and 2001 to 2002 generally show stable or declining case mix intensity.

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### **III. FUNCTIONAL SCREEN METHODOLOGY**

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This section summarizes the methodology behind and the results of the regression analysis conducted on the CMO calendar year 2001 HSRS data and the functional measures reported from the functional screens done by the Resource Centers. Regression is a statistical technique that develops estimates of the effects of each factor individually, simultaneously adjusting for the impact of other characteristics.

#### **Data Preparation**

HSRS data from five Wisconsin CMOs (Fond du Lac, La Crosse, Milwaukee, Portage, and Richland) provided the basis for determining cost. Exposure and functional screen data was also provided by the State. Total claims and total eligibility days in 2001 were accumulated for each recipient. Cost PMPM was determined as the total payments divided by total eligibility times 30.41667 (the average number of days in a month).

We included eligibility and claim experience from January 2001 through December 2001. The functional screen values associated with 2001 costs are based on the screen applicable in January 2001 or the first month of participation thereafter. In other words, if a recipient participated in Family Care during 2001 and was rescreened during 2001, the initial screen values are used to predict 2001 costs.

A small number of recipients were excluded from our analysis since there were identifier ambiguities for these recipients.

#### **Functional Screen Actual Experience**

Aggregate 2001 claims used for the statistical analysis are \$67,108,852, and the exposure months total 42,567 for a PMPM of \$1,576.54. The claim and exposure base represents nearly a 300% increase in the amount of data available to develop calendar year 2003 functional based rates versus the amount of data available last year. Exhibit III-1 shows this experience by county, target group, and category of service. This table also shows the annual utilization of nursing home days and ICF/MR days. Costs are assumed to be net of all third party liability/participant cost share and are assumed to be complete so no IBNR adjustment is required – due to the way the CMOs report the data.

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## Functional Screen Statistical Methodology

The unit of analysis is the individual recipient. That is, the 2001 experience of a recipient constitutes one observation. However, our analyses weighs recipient experience in proportion to their days of eligibility during 2001. SAS 8.02 was used for all our analyses. A 5% level of significance was assumed.

In developing the model, we excluded the highest 0.5% and lowest 0.5% of all recipients by cost. After the model was completed, the factors from the model were adjusted to match the aggregate 2001 costs including outliers to assure that the statistical model reconciles to the actual experience.

All predictors are coded as binary variables. Thus, either a recipient has a particular characteristic or they do not. This means that no relationship, linear or otherwise, is forced upon a variable, such as one IADL having half of the effect of two IADLs, etc.

The analysis began with a correlation study between and among potential predictor variables and costs. The correlations guided the initial steps in the modeling process.

The distribution of costs was examined and found to be skewed rather than symmetric around the mean. We explored the possibility that a logarithm transformation would improve the fit of the model, but found that the untransformed model provided a better fit of the data.

Modeling proceeded in a stepwise manner, starting with variables that explained the most variation and incrementally adding variables that had marginally decreasing effect on the model's proportion of variation explained. The county variables were included in all models. Since the models are intended to connect need with cost, age and gender were not included among potential predictors.

Since many of the predictors are correlated, consideration was given to the presence of multicollinearity as well as confounding variables. The model was simplified if several variables were strongly correlated and if including several variables only marginally increased the overall marginal fit.

With a baseline model established, the effect of interaction was examined. Interaction terms are important since the effect of, for example, a bathing ADL *with* a mobility ADL may be greater (or lesser) than what would be predicted by these factors individually.

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Parsimony was a central objective in the modeling process. We attempted to include the most influential interactions without unnecessarily cluttering the model.

We evaluated whether using the behavioral subscale variable analyzed while developing the 2002 rates was useful or if the specific components of the subscale should be included. We found that, though somewhat correlated, the wandering, offensive behavior, and self-injurious behavior variables should be included in place of the behavioral subscale.

Residual (the difference between actual costs and those estimated by the model) plots were created for each variable. These plots exhibited no systematic differences among the risk factors. In addition, actual to predicted scatter plots were created. These plots indicated that low cost individuals tended to be over-predicted and high cost individuals under-predicted. The low cost individuals were more severely misestimated.

## **Statistical Results**

Exhibit III-2 shows the final statistical model. The model explains approximately 40% of the variation in the data. The model has a mean of \$1,554 PMPM versus an actual of \$1,577 PMPM. Thus the model was increased by 1.5% to match actual results.

Twenty seven variables are used to predict cost. The variables are separated into regional, eligibility, IADL, ADL, interactions and behavioral. The estimated impact on the cost for each variable is shown along with its significance (i.e., p-value) and relative contribution in explaining the variation (i.e., Partial  $R^2$ ) and the proportion of the population with the characteristic.

The average effect of each variable shows how the aggregate cost PMPM can be allocated among individual characteristics in the population. For example, the model attributes \$156 PMPM of the aggregate PMPM (\$1,554) to IADL-5. Note that because of correlation, interaction, and unexplained variation (i.e., predictors excluded or unknown factors), some coefficients can be negative. Thus, it is important to view the results in Exhibit III-2 in terms of the composite characteristics of all the factors, rather than each individual factor.

## **County Factors**

The county values developed by the regression represent differences in costs by county that are not explained by other variables in the model. The county values represent differences

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due to CMO management, provider fee levels, resource availability, potentially incomplete data and other factors.

The county factors to be used for rating are intended to recognize non-CMO management factors. We assumed that half of the county effect as measured by the regression model is due to management. Consequently, we adjusted the regression county effects by moving them halfway to the average value to derive county rating factors. The table below shows the adjustment.

<b>Family Care County Effect Adjustment</b>		
	<b>Regression Values PMPM</b>	<b>Adjusted Values PMPM</b>
Fond du Lac	(\$154.08)	(\$135.83)
La Crosse	(302.41)	(209.99)
Milwaukee	0.00	(58.79)
Portage	(50.46)	(84.02)
Richland	(196.69)	(157.13)
Composite	(\$117.58)	(\$117.58)

All values shown are negative since the highest cost county, Milwaukee, was used as the base in the regression.

The final county factors are much smaller than last year, ranging from 6% below the composite to 4% above versus last year's range of 13% below to 10% above.

### **Application of the Statistical Model**

The State provided the functional screens of the Family Care population enrolled in each county during October 2002. The regression model parameters were applied to these 2002 populations to derive an expected cost PMPM by county. Exhibit III-3 shows the distribution of the population by CMO and functional measure that was used to calculate the final functional rates.

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We used the rating model to measure the relative case mix by CMO by year. The rating model developed last year can be used to compare calendar years 2000 and 2001. This year's rating model can be used to compare calendar years 2001 and 2002. Exhibit III-4 shows the changes by CMO. The changes are generally small or toward a less intensive case mix, though Milwaukee increased 5.3% from 2001 to 2002. Portage County's case mix declined by 9.5% from 2000 to 2001 and by 4.9% from 2001 to 2002.

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## **IV. FINAL RATE METHODOLOGY**

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This section outlines the final rate development.

As illustrated in the previous two sections, the 2003 rates were developed in two separate steps:

1. Apply trends to existing 2001 rates. This rate methodology uses fee-for-service (FFS) experience as outlined in Section II. Exhibit II-1 summarizes the adjusted 2001 fee-for-service based rates.
2. Determine functional status indicators based on 2001 CMO reported HSRS data and functional screens from the Resource Centers as outlined in Section III.

The final rates use values from both (1) and (2), blended with 50% and 50% weights, respectively, to determine a final rate. The functional status based cost for calendar year 2001 is trended to 2003 and divided by a target administration, risk and technology factor to develop a capitation rate. A value of 7% was used for the four larger CMOs and 12% was used for Richland. Richland is smaller than the other four CMOs and began operations one year later. Richland has about 50% of the enrollment of the next larger CMO, and about 20% of the enrollment of the second largest CMO (Milwaukee is the largest). Consequently Richland has a much smaller base over which it can spread its administrative expenses, has had one fewer year to develop infrastructure and is more subject to risk fluctuation than the other CMOs. The 7% factor is based on a review of CMO reported administrative costs in 2001 and year-to-date 2002. Costs are projected two years using the 7.6% two year total trend from Section II.

Exhibit IV-1 shows the projection of functional based rates to 2003 and the blending with the FFS based rates.

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## Exhibit II-1

### 2003 Rates Developed from Final 2001 Capitation Rates

#### Comprehensive Population

#### Composite Rates

County	2001 Rate	2002 Trend	Cost Share Adjustment	2002 Rate	2003 Trend	Managed Care Discount from 2% to 3%	2003 Rate
Fond du Lac	\$1,844.30	3.2%	1.000	\$1,904.21	2.6%	99.0%	\$1,933.78
LaCrosse	\$1,709.12	3.2%	0.984	\$1,736.40	2.6%	99.0%	\$1,763.37
Milwaukee	\$1,721.77	3.2%	0.998	\$1,774.14	2.6%	99.0%	\$1,801.69
Portage	\$2,516.51	3.2%	0.984	\$2,556.68	2.6%	99.0%	\$2,596.39
Richland	\$1,910.15	3.2%	0.991	\$1,954.44	2.6%	100.0%	\$2,005.26

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## **Exhibit II-2**

### **2003 Rates Developed from 2002 Capitation Rates**

#### **Intermediate Population**

##### **Statewide**

<b>Target Group</b>	<b>2002 Rate</b>	<b>2003 Trend</b>	<b>2003 Rate</b>
Composite	\$640.74	2.6%	\$657.40

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## Exhibit II-3

### Non-Family Care Counties Comprehensive Population

#### Annual Eligibility Summary

MMIS					
	1997	1998	1999	2000	2001
Eligible Days					
Elderly	2,046,501	2,199,026	2,314,288	2,296,087	2,316,798
Disabled	<u>2,592,640</u>	<u>2,974,354</u>	<u>3,201,314</u>	<u>3,370,074</u>	<u>3,445,452</u>
Total	4,639,141	5,173,380	5,515,602	5,666,161	5,762,250
Percent of Total					
Elderly	44.1%	42.5%	42.0%	40.5%	40.2%
Disabled	<u>55.9%</u>	<u>57.5%</u>	<u>58.0%</u>	<u>59.5%</u>	<u>59.8%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%

HSRS					
	1997	1998	1999	2000	2001
Eligible Days					
Elderly	1,803,938	1,927,646	2,049,936	2,060,047	2,084,603
Disabled	<u>2,390,236</u>	<u>2,741,988</u>	<u>3,029,711</u>	<u>3,210,965</u>	<u>3,299,266</u>
Total	4,194,174	4,669,634	5,079,647	5,271,012	5,383,869
Percent of Total					
Elderly	43.0%	41.3%	40.4%	39.1%	38.7%
Disabled	<u>57.0%</u>	<u>58.7%</u>	<u>59.6%</u>	<u>60.9%</u>	<u>61.3%</u>
Total	100.0%	100.0%	100.0%	100.0%	100.0%

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## Exhibit II-4A

### Non-Family Care Counties Comprehensive Population - Total

#### Development of Projected Trends

	2001 PMPM	2001 - 2002 Reimbursement Trend	2001 - 2002 Mix / Utilization Trend	Projected 2002 PMPM	2002 - 2003 Reimbursement Trend	2002 - 2003 Mix / Utilization Trend	Projected 2003 PMPM
Nursing Facility	\$100.26	5.36%	0.9%	\$106.60	0.00%	0.9%	\$107.58
MR Centers	14.29	5.36%	0.9%	15.19	0.00%	0.9%	15.33
MR Facilities	15.37	5.36%	0.9%	16.35	0.00%	0.9%	16.50
Home Care	430.85	2.00%	0.9%	443.50	0.00%	0.9%	447.58
Case Management	2.99	2.00%	0.9%	3.08	0.00%	0.9%	3.11
Other	75.47	2.00%	0.9%	77.68	0.00%	0.9%	78.40
MMIS Total	\$639.23			\$662.41			\$668.49
Habilitation	\$6.42	2.00%	4.2%	\$6.82	0.00%	4.2%	\$7.11
Home Care	638.61	2.00%	4.2%	678.58	0.00%	4.2%	706.90
Residential	646.25	2.00%	4.2%	686.69	0.00%	4.2%	715.36
Case Management	149.62	2.00%	4.2%	158.99	0.00%	4.2%	165.62
Other	468.37	2.00%	4.2%	497.68	0.00%	4.2%	518.46
Cost Sharing	-9.92	0.00%	4.2%	-10.34	0.00%	4.2%	-10.77
HSRS Total	\$1,899.36			\$2,018.42			\$2,102.68
Total MMIS and HSRS	\$2,538.58			\$2,680.83			\$2,771.17
Two-year Trend							9.2%
Annual Trend				5.6%			3.4%

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## Exhibit II-4B

### Non-Family Care Counties Comprehensive Population - Elderly

#### Development of Projected Trends

	2001 PMPM	2001 - 2002 Reimbursement Trend	2001 - 2002 Mix / Utilization Trend	Projected 2002 PMPM	2002 - 2003 Reimbursement Trend	2002 - 2003 Mix / Utilization Trend	Projected 2003 PMPM
Nursing Facility	\$196.19	5.36%	1.4%	\$209.62	0.00%	1.4%	\$212.58
MR Centers	0.00	5.36%	1.4%	0.00	0.00%	1.4%	0.00
MR Facilities	4.25	5.36%	1.4%	4.54	0.00%	1.4%	4.60
Home Care	236.71	2.00%	1.4%	244.85	0.00%	1.4%	248.31
Case Management	2.86	2.00%	1.4%	2.96	0.00%	1.4%	3.00
Other	53.04	2.00%	1.4%	54.87	0.00%	1.4%	55.64
MMIS Total	\$493.05			\$516.84			\$524.14
Habilitation	\$3.41	2.00%	4.9%	\$3.65	0.00%	4.9%	\$3.83
Home Care	417.04	2.00%	4.9%	446.31	0.00%	4.9%	468.28
Residential	388.49	2.00%	4.9%	415.76	0.00%	4.9%	436.21
Case Management	133.64	2.00%	4.9%	143.02	0.00%	4.9%	150.06
Other	139.16	2.00%	4.9%	148.92	0.00%	4.9%	156.25
Cost Sharing	-14.37	0.00%	4.9%	-15.08	0.00%	4.9%	-15.82
HSRS Total	\$1,067.36			\$1,142.58			\$1,198.81
Total MMIS and HSRS	\$1,560.41			\$1,659.42			\$1,722.94
Two-year Trend							10.4%
Annual Trend				6.3%			3.8%

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## Exhibit II-4C

### Non-Family Care Counties Comprehensive Population - Disabled

#### Development of Projected Trends

	2001	2001 - 2002	2001 - 2002	Projected	2002 - 2003	2002 - 2003	Projected
	PMPM	Reimbursement	Mix / Utilization	2002	Reimbursement	Mix / Utilization	2003
		Trend	Trend	PMPM	Trend	Trend	PMPM
Nursing Facility	\$35.75	5.36%	0.1%	\$37.72	0.00%	0.1%	\$37.76
MR Centers	23.89	5.36%	0.1%	25.21	0.00%	0.1%	25.24
MR Facilities	22.85	5.36%	0.1%	24.11	0.00%	0.1%	24.14
Home Care	561.40	2.00%	0.1%	573.35	0.00%	0.1%	574.08
Case Management	3.08	2.00%	0.1%	3.15	0.00%	0.1%	3.15
Other	90.54	2.00%	0.1%	92.47	0.00%	0.1%	92.59
MMIS Total	\$737.52			\$756.00			\$756.97
Habilitation	\$8.32	2.00%	2.9%	\$8.74	0.00%	2.9%	\$8.99
Home Care	778.61	2.00%	2.9%	817.01	0.00%	2.9%	840.49
Residential	809.12	2.00%	2.9%	849.02	0.00%	2.9%	873.42
Case Management	159.72	2.00%	2.9%	167.60	0.00%	2.9%	172.42
Other	676.38	2.00%	2.9%	709.74	0.00%	2.9%	730.14
Cost Sharing	-7.12	0.00%	2.9%	-7.32	0.00%	2.9%	-7.53
HSRS Total	\$2,425.04			\$2,544.78			\$2,617.93
Total MMIS and HSRS	\$3,162.56			\$3,300.79			\$3,374.89
Two-year Trend							6.7%
Annual Trend				4.4%			2.2%

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## Exhibit II-5A

### Non-Family Care Counties Comprehensive Population - Total

#### Annual PMPM Summary

	1997	1998	1999	2000	2001	1997-2001
	PMPM	PMPM	PMPM	PMPM	PMPM	Annual Trend
Nursing Facility	\$88.19	\$88.61	\$99.31	\$91.93	\$100.26	3.3%
MR Centers	29.74	20.82	20.26	14.77	14.29	-16.7%
MR Facilities	10.61	7.91	10.13	9.95	15.37	9.7%
Home Care	291.98	319.43	328.47	367.63	430.85	10.2%
Case Management	3.61	3.75	3.03	2.42	2.99	-4.6%
Other <sup>(1)</sup>	84.76	82.40	80.23	75.16	75.47	-2.9%
MMIS Total	\$508.89	\$522.92	\$541.42	\$561.86	\$639.23	5.9%
Habilitation	\$5.68	\$6.00	\$6.21	\$6.33	\$6.42	3.1%
Home Care	644.14	653.06	666.42	639.14	638.61	-0.2%
Residential	491.43	510.23	529.79	578.68	646.25	7.1%
Case Management	126.73	128.08	136.57	139.60	149.62	4.2%
Other <sup>(2)</sup>	286.43	341.75	366.85	420.77	468.37	13.1%
Cost Sharing	-20.33	-16.93	-11.03	-10.15	-9.92	-16.4%
HSRS Total	\$1,534.07	\$1,622.19	\$1,694.81	\$1,774.38	\$1,899.36	5.5%
Total MMIS and HSRS	\$2,042.96	\$2,145.10	\$2,236.23	\$2,336.24	\$2,538.58	5.6%

<sup>(1)</sup> MMIS Other line includes DME, DMS, Occupational Therapy, Physical Therapy, Speech & Language, and Transportation.

<sup>(2)</sup> HSRS Other line includes Adaptive Equipment, Adult Day Activities, Respite Care, Transportation, and Vocational.

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## Exhibit II-5B

### Non-Family Care Counties Comprehensive Population - Elderly

#### Annual PMPM Summary

	1997	1998	1999	2000	2001	1997-2001
	PMPM	PMPM	PMPM	PMPM	PMPM	Annual Trend
Nursing Facility	\$150.46	\$164.36	\$190.32	\$171.40	\$196.19	6.9%
MR Centers	1.54	3.85	0.21	0.28	0.00	-100.0%
MR Facilities	2.51	2.57	4.40	3.18	4.25	14.1%
Home Care	176.70	192.82	189.66	208.28	236.71	7.6%
Case Management	2.38	2.48	2.30	2.04	2.86	4.8%
Other <sup>(1)</sup>	57.18	57.95	52.49	50.12	53.04	-1.9%
MMIS Total	\$390.77	\$424.04	\$439.38	\$435.29	\$493.05	6.0%
Habilitation	\$3.23	\$3.42	\$3.59	\$3.40	\$3.41	1.4%
Home Care	415.56	412.16	421.11	422.52	417.04	0.1%
Residential	224.28	246.80	280.36	331.91	388.49	14.7%
Case Management	108.02	109.67	118.30	124.08	133.64	5.5%
Other <sup>(2)</sup>	103.32	117.15	122.85	129.75	139.16	7.7%
Cost Sharing	-16.98	-17.86	-15.25	-12.04	-14.37	-4.1%
HSRS Total	\$837.44	\$871.35	\$930.95	\$999.61	\$1,067.36	6.3%
Total MMIS and HSRS	\$1,228.21	\$1,295.39	\$1,370.33	\$1,434.90	\$1,560.41	6.2%

<sup>(1)</sup> MMIS Other line includes DME, DMS, Occupational Therapy, Physical Therapy, Speech & Language, and Transportation.

<sup>(2)</sup> HSRS Other line includes Adaptive Equipment, Adult Day Activities, Respite Care, Transportation, and Vocational.

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## Exhibit II-5C

### Non-Family Care Counties Comprehensive Population - Disabled

#### Annual PMPM Summary

	1997	1998	1999	2000	2001	1997-2001
	PMPM	PMPM	PMPM	PMPM	PMPM	Annual Trend
Nursing Facility	\$39.04	\$32.61	\$33.51	\$37.79	\$35.75	-2.2%
MR Centers	52.00	33.37	34.76	24.64	23.89	-17.7%
MR Facilities	17.00	11.85	14.27	14.57	22.85	7.7%
Home Care	382.97	413.03	428.82	476.20	561.40	10.0%
Case Management	4.58	4.69	3.56	2.68	3.08	-9.4%
Other <sup>(1)</sup>	106.52	100.48	100.27	92.22	90.54	-4.0%
MMIS Total	\$602.12	\$596.02	\$615.19	\$648.10	\$737.52	5.2%
Habilitation	\$7.52	\$7.81	\$7.98	\$8.21	\$8.32	2.6%
Home Care	816.65	822.41	832.41	778.12	778.61	-1.2%
Residential	693.05	695.43	698.56	737.00	809.12	3.9%
Case Management	140.84	141.02	148.93	149.56	159.72	3.2%
Other <sup>(2)</sup>	424.62	499.65	531.94	607.48	676.38	12.3%
Cost Sharing	-22.85	-16.28	-8.17	-8.94	-7.12	-25.3%
HSRS Total	\$2,059.83	\$2,150.03	\$2,211.65	\$2,271.44	\$2,425.04	4.2%
Total MMIS and HSRS	\$2,661.95	\$2,746.05	\$2,826.84	\$2,919.54	\$3,162.56	4.4%

<sup>(1)</sup> MMIS Other line includes DME, DMS, Occupational Therapy, Physical Therapy, Speech & Language, and Transportation.

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**Exhibit III-1**  
**Family Care**  
**Summary of 2001 Experience Used in Statistical Analysis of Functional Screens**  
**by Service Category**

	Fond du Lac		La Crosse		Milwaukee		Portage		Richland		All
	Elderly	Disabled	Elderly	Disabled	Elderly	Disabled	Elderly	Disabled	Elderly	Disabled	Counties
Exposure Months	3,892	4,150	4,372	5,959	15,038	2,276	2,174	2,692	1,040	974	42,567
Adaptive Equipment	\$ 36.56	\$ 43.18	\$ 56.71	\$ 91.62	\$ 35.81	\$ 60.06	\$ 49.83	\$ 77.99	\$ 40.44	\$ 43.72	
Adult Day Activities	50.92	166.55	25.41	141.83	58.68	79.84	41.19	249.72	-	115.17	
Case Management	162.89	183.22	132.83	137.13	172.49	178.84	31.79	65.65	233.10	233.03	
Community At Large	-	-	-	-	-	-	-	-	-	-	
Cost Share And Refunds	(33.13)	(12.87)	(70.77)	(27.52)	(152.56)	(86.20)	(64.37)	(19.41)	(61.41)	(10.11)	
Family Support Funding	-	-	-	-	-	-	-	-	-	-	
Habilitation/Health	1.84	21.55	11.21	21.77	0.46	2.21	1.94	10.71	22.28	22.55	
Home Care	119.63	356.47	167.85	314.55	600.97	618.65	368.98	1,093.86	386.85	534.61	
Home Health Care	76.04	99.62	96.78	256.21	15.97	67.75	33.00	49.21	88.46	70.02	
Housing	2.62	7.61	8.92	14.59	1.60	2.31	13.19	5.68	7.33	1.26	
Institutional	178.13	122.53	301.27	114.96	118.48	36.96	159.59	104.72	315.02	9.63	
Member Tracking	-	-	-	-	-	-	-	-	-	-	
Other	0.17	0.20	-	-	0.11	0.99	2.90	9.03	5.87	19.96	
Residential Care	636.57	720.73	345.16	383.79	571.48	480.42	451.47	589.24	168.36	708.34	
Respite Care	2.53	19.17	13.92	65.37	-	-	21.98	44.44	9.32	47.84	
Transportation	47.02	60.61	12.97	77.38	22.19	38.13	20.58	25.77	9.72	18.77	
Vocational	17.70	262.70	1.94	240.82	3.52	19.94	2.59	257.03	12.73	165.05	
<b>Total</b>	<b>\$ 1,299.48</b>	<b>\$ 2,051.26</b>	<b>\$ 1,104.21</b>	<b>\$ 1,832.49</b>	<b>\$ 1,449.20</b>	<b>\$ 1,499.91</b>	<b>\$ 1,134.66</b>	<b>\$ 2,563.62</b>	<b>\$ 1,238.07</b>	<b>\$ 1,979.86</b>	
Annual Nursing Home Days per 1,000	21,947	13,937	34,741	5,023	13,918	4,735	19,216	7,573	38,625	1,134	
Annual ICF/MR Days per 1,000	-	-	-	2,920	-	5	585	2,140	-	-	
<b>Composite Cost PMPM</b>	<b>\$ 1,687.42</b>		<b>\$ 1,524.27</b>		<b>\$ 1,455.87</b>		<b>\$ 1,925.13</b>		<b>\$ 1,596.87</b>		<b>\$ 1,576.54</b>

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**Exhibit III-2**  
**Family Care**  
**Regression Model of 2001 PMPM, Weighted in Days**

Base = Milwaukee, Non-SNF, No DD LOC, 0 or 1 IADLs, 0 ADLs  
No Injury, No Offensive, No Wandering

SNF Subset Applies Only to Non-DD Recipients  
Reflects Correction to Portage Case Management Costs

Mean  
\$ 1,553.74      R-Sq  
39.8%

Variable	Estimate	p-Value	Partial R <sup>2</sup>	Proportion of Population With Variable	Average Effect of Variable
Intercept	\$547.043	<.0001	-		\$547.04
RICHLAND_flag	-193.843	0.0107	0.0000	0.0473	(9.17)
LACROSSE_flag	-298.038	<.0001	0.0019	0.2427	(72.33)
FONDDULAC_flag	-151.849	0.0008	0.0006	0.1889	(28.69)
PORTAGE_flag	-49.727	0.3547	0.0085	0.1143	(5.69)
DD1A_flag	688.357	<.0001	0.0534	0.0494	34.01
DD1B_flag	1275.071	<.0001	0.0375	0.0148	18.85
DD2_flag	470.459	<.0001	0.0527	0.1443	67.90
SNF_subset	115.367	0.0047	0.0238	0.2161	24.93
iadl_2	179.965	0.0035	0.0086	0.1352	24.34
iadl_3	339.745	<.0001	0.0080	0.1984	67.39
iadl_4	464.033	<.0001	0.0027	0.2909	134.97
iadl_5	757.483	<.0001	0.0195	0.2061	156.10
iadl_6	1503.742	<.0001	0.0698	0.0542	81.56
Bathing_2	216.722	<.0001	0.0415	0.4401	95.37
Dressing_2	267.187	<.0001	0.0205	0.2281	60.95
Toileting_1	181.521	0.0002	0.0006	0.1595	28.95
Toileting_2	489.089	<.0001	0.0104	0.1494	73.06
Transfer_flag	-118.640	0.0255	0.0008	0.2073	(24.59)
Bathing_Bathing_Equip	117.450	0.0014	0.0029	0.4429	52.02
Bathing_Dressing	177.626	<.0001	0.0023	0.4627	82.19
Bathing_Mobility	-242.201	<.0001	0.0010	0.2615	(63.33)
Bathing_Mobility_Equip	134.137	0.0011	0.0007	0.4151	55.68
Bathing_Equip_Transfer_Equip	654.062	<.0001	0.0058	0.0309	20.22
Eating_Mobility	291.478	<.0001	0.0024	0.1145	33.37
Injury_flag	600.560	<.0001	0.0126	0.0549	32.98
Offensive_flag	463.944	<.0001	0.0094	0.1190	55.23
Wandering_flag	200.648	0.0065	0.0009	0.0520	10.42
				0.3985	\$1,553.74

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**Exhibit III-3**  
**Family Care**  
**Proportion of Population with Characteristics by County and Year**

Factor	Coefficient	Fond du Lac	La Crosse	Milwaukee	Portage	Richland	Fond du Lac	La Crosse	Milwaukee	Portage	Richland
<i>Intercept</i>	555.07	<b>Proportion of 2001 Population with Characteristic</b>					<b>Proportion of 2002 Population with Characteristic</b>				
<i>Area Factor</i>		(135.83)	(209.99)	(58.79)	(84.02)	(157.13)	(135.83)	(209.99)	(58.79)	(84.02)	(157.13)
<i>Disability or Nursing Home</i>											
DD1A	698.46	10.8%	4.4%	1.7%	4.6%	12.8%	2.3%	1.7%	0.7%	2.0%	4.1%
DD1B	1,293.78	1.6%	2.4%	0.1%	4.4%	0.6%	2.5%	5.4%	0.3%	6.0%	4.9%
DD2	477.36	24.2%	22.0%	2.6%	23.6%	16.1%	25.6%	20.8%	6.1%	19.4%	17.2%
SNF	117.06	17.7%	15.1%	30.6%	14.8%	9.5%	28.1%	22.7%	36.5%	22.0%	21.7%
<i>IADLs</i>											
2 IADLs	182.61	8.8%	14.9%	13.9%	16.6%	14.6%	9.0%	15.5%	12.6%	14.5%	17.6%
3 IADLs	344.73	20.9%	17.9%	21.0%	15.4%	26.2%	18.2%	19.3%	20.6%	17.8%	22.8%
4 IADLs	470.84	27.3%	28.0%	33.3%	22.9%	20.3%	33.4%	29.8%	37.3%	28.2%	25.8%
5 IADLs	768.60	25.0%	18.6%	18.0%	26.3%	22.3%	27.2%	18.0%	20.6%	23.3%	19.5%
6 IADLs	1,525.80	9.6%	8.4%	0.2%	9.2%	8.9%	7.2%	7.7%	0.5%	7.0%	7.1%
<i>ADLs</i>											
Bathing_2	219.90	41.9%	42.3%	44.5%	52.4%	36.5%	39.0%	40.7%	44.4%	47.1%	34.1%
Dressing_2	271.11	18.2%	21.6%	23.7%	33.4%	14.0%	17.7%	20.1%	23.4%	26.6%	14.6%
Toileting_1	184.18	15.6%	15.1%	17.4%	12.6%	17.3%	10.6%	19.8%	16.2%	15.8%	18.7%
Toileting_2	496.27	12.1%	14.6%	14.0%	26.9%	7.2%	14.0%	13.6%	14.5%	19.8%	10.9%
Transfer_flag	(120.38)	15.8%	18.5%	23.7%	27.0%	11.1%	17.8%	25.5%	26.3%	27.5%	15.7%
<i>Interaction Terms</i>											
Bathing_Bathing_Equip	119.17	36.4%	41.8%	48.8%	48.0%	40.8%	44.3%	50.0%	50.2%	54.2%	45.7%
Bathing_Dressing	180.23	37.7%	44.0%	51.0%	50.3%	42.5%	38.0%	48.3%	51.5%	51.5%	42.3%
Bathing_Mobility	(245.75)	14.7%	25.4%	32.6%	30.5%	9.8%	13.8%	32.3%	32.4%	22.2%	21.3%
Bathing_Mobility_Equip	136.11	29.4%	35.0%	52.5%	40.6%	30.7%	34.7%	33.7%	53.2%	43.8%	36.7%
Bathing_Equip_Transfer_Equip	663.66	2.3%	3.4%	2.0%	7.2%	4.0%	4.9%	4.6%	2.0%	5.3%	6.0%
Eating_Mobility	295.75	7.0%	11.5%	12.2%	17.9%	6.6%	8.7%	16.1%	12.8%	12.8%	11.6%
<i>Behavioral</i>											
Injury_flag	609.37	7.3%	8.9%	1.3%	8.9%	8.5%	6.5%	8.5%	2.8%	9.5%	6.0%
Offensive_flag	470.75	14.5%	15.6%	5.1%	20.5%	20.1%	14.6%	16.0%	6.4%	19.0%	15.4%
Wandering_flag	203.59	3.8%	7.1%	5.0%	4.7%	4.5%	4.6%	5.8%	5.4%	4.2%	4.1%
		1,688.98	1,565.46	1,422.81	1,943.10	1,620.12	1,690.92	1,591.28	1,498.24	1,848.68	1,591.75
							0.1%	1.6%	5.3%	-4.9%	-1.8%

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**Exhibit III-4**  
**Family Care**  
**Case Mix Changes by Year and County**

<b>Years</b>	<b>Fond du Lac</b>	<b>La Crosse</b>	<b>Milwaukee</b>	<b>Portage</b>	<b>Richland</b>
2001 vs 2000 (Based on 2001 Rating Model)	1.0%	-5.9%	1.5%	-9.5%	NA
2002 vs 2001 (Based on 2002 Rating Model)	0.1%	1.6%	5.3%	-4.9%	-1.8%

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**Exhibit IV-1**  
**Family Care**  
**Final 2003 Rates Updated**

County	Average DD/NH and IADL	Average Add On	Total Statistical Model 2001 PMPM	Administration and Risk Add On	Two-Year Trend	2003 Rate	2003 Fee For Service Based Rate	50/50 Weighing: 2003 Rates	Final 2002 Rates	Change 2003 vs. 2002
Fond du Lac	1,178.89	512.03	1,690.92	93.0%	7.6%	1,956.37	1,933.78	1,945.08	1,870.62	4.0%
La Crosse	1,043.50	547.78	1,591.28	93.0%	7.6%	1,841.10	1,763.37	1,802.23	1,732.91	4.0%
Milwaukee	1,012.61	485.64	1,498.24	93.0%	7.6%	1,733.45	1,801.69	1,767.57	1,710.76	3.3%
Portage	1,187.15	661.53	1,848.68	93.0%	7.6%	2,138.91	2,596.39	2,367.65	2,468.36	-4.1%
Richland	1,088.22	503.53	1,591.75	88.0%	7.6%	1,946.28	2,005.26	1,975.77	1,912.79	3.3%
	1,058.37	515.78	1,574.15			1,825.59	1,888.15	1,856.87	1,808.49	2.7%

This material assumes that the reader is familiar with Family Care, its eligibility rules, rating approaches and other factors.

The material was prepared solely to provide assistance to DHFS in setting Family Care rates. It may not be appropriate for other purposes.

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